

Message Text

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TAGS: PFOR, MARR, IC, NATO

SUBJECT: IDF RETENTION IMPLEMENTATION: PRIMIN COMMENTS ON BASE
CONSTRUCTION

(BEGIN UNCLASSIFIED)

1. IN COURSE OF INTERVIEW WITH PRIME MINISTER GEIR
HALLGRIMSSON ABOUT DECLINE IN ECONOMIC ACTIVITY IN
ICELAND, FREE COMMERCE MAGAZINE RAISED WITH HIM QUESTION
OF WHETHER CONSTRUCTION AT US-MANNED NATO BASE MIGHT
HELP TAKE UP SLACK IN CONSTRUCTION INDUSTRY. QUESTIONS
AND PM'S ANSWERS AS FOLLOWS:

QUESTION: WHEN CAN THE CONSTRUCTION PROJECTS WHICH
WERE SPECIFIED IN THE RECENT WASHINGTON AGREEMENT
BEGIN? WILL THE UNITED STATES BE PREPARED TO PAR-
TIALY FUND THE REYKJANES HOT WATER DISTRUBUTION
SYSTEM AS WELL AS OTHER PROJECTS AT THE KEFLAVIK
AIRPORT SO THAT WORK WILL BE CREATED IF THERE IS
A CONTRACTION IN THE CONSTRUCTION INDUSTRY?

PRIME MINISTER: CONSTRUCTION AT THE AIRPORT CAN BEGIN
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AT ONCE. CONSTRUCTION OF 200 HOUSING UNITS

HAS BEEN AUTHORIZED AND THIS IS THE FIRST STAGE IN IMPLEMENTING THE POLICY OF HOUSING ALL DEFENSE FORCE PERSONNEL ON THE BASE. IT IS NOT YET CLEAR IN WHAT WAY THE BASE MIGHT BE TIED TO THE REYKJANES HOT WATER SYSTEM OR WHETHER IT WILL SUPPLY FUNDS FOR THIS PURPOSE.

THE AGREEMENT WITH THE UNITED STATES ASSUMES THAT THE US WILL FINANCE ALL CONSTRUCTION MADE NECESSARY BY THE SEPARATION OF MILITARY AND CIVILIAN AIR SERVICES. HOWEVER, IT IS NOT INTENDED THAT THE US HAVE ANY PART IN FINANCING THE NEW CIVILIAN AIR TERMINAL. THERE IS THE POSSIBILITY, OF COURSE, THAT THE US GOVERNMENT MAY HELP TO RAISE LOANS FOR THIS PURPOSE.

IT HAS BEEN THE AIM THAT THE MANPOWER NEEDED AT THE AIRPORT SHOULD NOT INCREASE TO THE POINT WHERE IT CREATED DIFFICULTIES FOR OTHER EMPLOYERS IN THE REYKJANES AREA, FOR EXAMPLE, THE FISHING FLEET. UNDOUBTEDLY, THE MANPOWER FOR THE PROJECT COULD BE INCREASED IF IT WAS THOUGHT NECESSARY. BUT I HOPE THIS WON'T HAPPEN. (END UNCLASSIFIED).

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2. COMMENT: THIS EXCHANGE ILLUSTRATES EVOLUTION IN OPINION TOWARDS BASE OVER PAST FEW MONTHS. AS FEARS OF POSSIBLE UNEMPLOYMENT IN ICELANDIC ECONOMY INCREASE, CRITICISM OF PRESENT GOVERNMENT FOR REACHING UNDERSTANDING WITH USG ON RETENTION OF BASE HAS BEEN MUTED. LAST YEAR, JON SKAFTASON, ALTHING MEMBER FROM REYKJANES CONSTITUENCY WAS UNDER SEVERE ATTACK IN HIS OWN PROGRESSIVE PARTY FOR ADVOCATING BASE RETENTION AND WAS BEING CALLED "TRAITOR TO ICELAND." EMBOFF ASKED HIM LAST WEEK IF HE FELT BASE WAS ANY LONGER AN ISSUE IN HIS CONSTITUENCY. HE REPLIED, "THE ONLY WAY IN WHICH THE BASE IS NOW AN ISSUE IN MY CONSTITUENCY IS HOW TO GET A JOB THERE." WHILE NO BASE OPPONENTS HAVE BEEN CONVERTED AND BOTH

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FRIENDS AND FOES WILL BE CLOSELY WATCHING US PERFORMANCE IN IMPLEMENTING AGREEMENTS, BASE ISSUE AS SUCH HAS NOW TAKEN SECOND PLACE TO ECONOMIC PROBLEMS AS IMMEDIATE POLITICAL CONCERN. (END LOU).
MARTIN

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